

EXHIBIT 10
DATE 1/22/09
HB 2

January 21, 2009

From: Lorrie Merrill, Director Big Sandy Activities, Inc. Phone: 406-378-2598, Cell 406-581-7288
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Points of information:

1. Big Sandy Activities, Inc. is a non-profit agency serving 21 individuals with Developmental Disabilities (DD) since 1972 in Big Sandy. We currently have 53 employees, not all full time.
2. In the last four years, we have gone into the rates system with requires more transparency. We have with numerous audits with clear boundaries required by law.
3. Currently, the state of MT determines the number of hours I must serve each individual. This is determined by an assessment process.
4. Budget dollars are tied to hours served.
5. The state of MT determines the minimum wage I must pay, which is \$8.50.
6. The state of MT along with CMS determines the criteria for payment. Service currently allowed by Medicaid in day program services are: 1) Individuals work; 2) Individuals receive training; and 3) Individual receives active treatment.
7. We have intense services for individuals who can not work, and 80% are not in training. Therefore we must be involved in active treatment. I was told that 100% of the individuals we serve must be in active treatment.
8. Our day program is housed in an old shop building with three major rooms. There is not enough room presently for equipment necessary for active treatment or for the therapy itself.
9. It was necessary to build on one room. In order to build on a room I had to fix all areas the building was out of compliance- 22 areas. I went to Bear Paw Development and worked towards grants and loan applications. It was more economical to build new then to fix the old shop.
10. A bare bones building cost \$1,254, 848.
11. Financial package, which included a Rural Development Loan/Grant, Montana Department of Commerce CDBG Public Facilities Grant for \$450,000 and a Local Cash Contribution of \$41,650 was based on average Medicaid revenue increases of 4% annually and was consider sound—until recent revenue projections and the subsequent impact on the Governor's budget.
12. We received grants totaling \$573,000. BSA needs \$775,000 from infrastructure funding to replace the Rural Development Loan/Grant as BSA can not make payments towards a 40 year 4% interest loan.
13. Grants for training and equipment total \$110,000. \$550,000 must be returned if project is scrapped.
14. PROJECT IS SHOVEL READY. CTA Architects have been hired and final designs could begin immediately, if project were funded. Bid letting will occur in June/July 2009; Construction Begins in August/September 2009; Construction complete in March/April 2010
15. BSA is Big Sandy's second largest employer. If we can not provide services and are required to repay Medicaid, and eventually close, because be can not comply with services definitions, the economic impact to Big Sandy and Chouteau county will be enormous. Our fiscal (multiplier) impact on our area economy is \$3,690,000

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